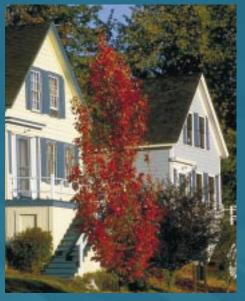
U.S. Department of Housing and Urban Development









FY 2000 Performance and Accountability Report



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MESSAGE FROM SECRETARY MARTINEZ

I am pleased to present the Department of Housing and Urban Development's first combined Performance and Accountability Report, for the Fiscal Year 2000 ending September 30, 2000. This report presents the most current information available on the performance and accomplishments of HUD programs, and further information on HUD's continuing efforts to improve the management and stewardship of the public's investment in HUD's important mission.

As the newly appointed Secretary of HUD, having been sworn-in on January 24, 2001, I am proud to lead an agency that serves American people and communities most in need — in terms of creating, preserving and assuring opportunities for decent, safe and sanitary affordable housing, and in fostering economic and community development opportunities. I am also proud to lead a dedicated HUD work force in pursuit of these important objectives, in the face of continuing management challenges.

HUD received an unqualified or clean opinion on its FY 2000 consolidated financial statements. The General Accounting Office's January 2001 biennial report on HUD's Major Management Challenges and Program Risks redefined and reduced the number of HUD programs deemed to be at high risk. HUD is continuing efforts to further reduce risks in its single family housing mortgage insurance and rental assistance programs, and to address its human capital and information systems needs. I pledge my support to addressing HUD's remaining high risk and material weakness issues as a priority of my administration.

HUD has also been recognized for improvement of its 6-Year Strategic and Annual Performance Plans, and for integrating those plans with internal business and operating planning processes. HUD's focus is now turned to needed improvements in its performance data collection systems and controls over data quality. That need is greatest in HUD's formula and discretionary grant programs where outcomes are achieved through the efforts of intermediaries such as State and local governments and non-profits. Working as partners with the Congress, we will continue to improve both program performance and financial accountability in the U.S. Department of Housing and Urban Development.

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Mel Martinez

Secretary

THE CHIEF FINANCIAL OFFICER'S MESSAGE

I am proud to report that the Department received an unqualified audit opinion on its FY 2000 consolidated financial statements. In the aftermath of the disclaimer of an audit opinion on HUD's FY 1999 consolidated financial statements, the receipt of an unqualified opinion this year is a significant achievement towards restoring public confidence in HUD's financial management and reporting. I want to thank the Office of the Inspector General's (OIG) audit team, the staff of the Office of the Chief Financial Officer (OCFO), and staff from HUD program offices at headquarters and in the field, for the collaborative working relationship we experienced on this year's audit. This teamwork allowed us to prepare HUD's FY 2000 consolidated financial statements and enabled the OIG to complete its independent audit of those statements by the statutory deadline of March 1, 2000. The rigor of the independent audit process continues to assist HUD management in validating the effectiveness of our systems of internal control and in identifying control weaknesses in need of corrective action.

I look forward to continuing a close working relationship with the OIG, the Office of the Chief Information Officer, and the program offices to meet HUD's future financial management challenges.

Very respectfully,

Victoria L. Bateman

Deputy Chief Financial Officer